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MARKET ADMINISTRATOR

Market Administrator's

BULLETIN

U.S. DEPT. OF AGRICULTURE
MAR 1 1965
CURRENT SERIAL RECORDS

Published at 79 East State Street, Columbus 15, Ohio
ISSUED FOR PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

JANUARY, 1965

Vol. 21 No. 1

Continued Large Milk Output In 1965

The Dairy Situation, Economic Research Service USDA, November 1964

U. S. milk production has increased in 3 of the past 4 years (including 1964) from year-earlier levels. In 1965, production probably will be near the 125.7 billion pounds in prospect for 1964. Assuming average weather conditions, production per cow will set another record high, and milk cow numbers may not decline as much as they did in 1964. However, pasture and hay conditions above normal in 1965, plus a high milk-beef cattle price ratio could cause production per cow to rise more than usual and reduce dairy cow culling. Then milk output next year could exceed the record high of 126 billion pounds set in 1962.

The beef cattle-milk price relationship has favored increased milk production this year. Milk prices rose slightly in 1964 from 1962-63 levels, but beef cattle prices dropped sharply in 1963 and did not regain previous levels until mid-1964.

Among economic factors affecting milk production in the United States, the most important are prices of milk relative to prices of beef cattle, hogs, and of certain other agricultural products. Cost of major production items, including feed concentrates and forage, also affects milk output. In the past decade prices received for milk have been relatively stable, with manufacturing milk prices near the support level. Thus, changes in

prices of other commodities and in costs accounted for most of the changes in output.

Developments in the beef cattle industry, particularly in the past decade, have had a long-range effect on dairying. Beef production is expanding faster than population growth and is attracting farm resources from dairying, with the rate depending considerably upon the relationship between milk and beef prices.

Changes in the beef enterprise directly affect the number of animals kept in milking herds. A more favorable milk-beef price relationship tends to slow the long-term downward trend in milk cow numbers. Beef prices in 1965, if at late 1964 levels, may not exert as much upward pressure on milk production in 1965 as the high milk-beef cattle price ratio in early 1964. Dairy prices in the central regions of the country, where beef is most competitive with dairying, have generally been above 1963 levels since the beginning of 1964. In addition, forage supplies in many dairy areas are below year-earlier levels, and prices of hay and dairy rations may rise slightly, especially if this winter is severe. Off-farm employment opportunities are likely to continue encouraging marginal operators to liquidate herds.

TOTAL CIVILIAN DISAPPEARANCE UP IN 1964; TRENDS TO CONTINUE IN 1965

The Dairy Situation, Economic Research Service
USDA, November 1964

Civilian use of milk in 1964 is expected to be about 1½ billion pounds above the 117.1 pounds of milk equivalent consumed in 1963. Total civilian disappearance of milk and dairy products in 1965 is likely to be only slightly more than expected this year. Donations for welfare by CCC next year may be lower than in 1964, but consumption of fluid milk in schools through the Special Milk Program is expected to rise slightly. The extension of the food stamp plan to areas in 41 States and the District of Columbia will tend to reduce CCC donations but raise dairy sales somewhat. Experience under the Pilot Food Stamp Program indicated that total consumption of dairy products by low income families receiving donated dairy products changed little on the average when they came under the Food Stamp Program. However, these families consumed more of the higher-valued dairy products such as fluid milk and less butter and nonfat dry milk.

Most of the expected 1½ billion pound gain this year compared with 1963 is from commercial sources, though CCC donations of butter and cheese are expected to increase about 0.3 billion pounds, milk equivalent. Sales of fluid milk items, butter, American cheese, and non-fat dry milk increased. Use of milk on farms
(Continued on Back Page)



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	
Class I (3.5%)	
Class II (3.5%)	
Class III (3.5%)	
Class IV (3.5%)	
Producer Butterfat Differential for each one-tenth percent	

Dec. 1964	Nov. 1964	Dec. 1963
\$4.76	\$4.70	\$4.62
4.92	4.62	4.65
3.18	3.29	4.21
—	—	3.78!
—	—	3.08:
8.1¢	7.7¢	7.6¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	
Percent of Producer Butterfat in Class I	
Percent of Producer Milk in Class II	
Percent of Producer Butterfat in Class II	
Percent of Producer Milk in Class III	
Percent of Producer Butterfat in Class III	
Percent of Producer Milk in Class IV	
Percent of Producer Butterfat in Class IV	

82.2	84.2	77.5
76.1	78.5	70.8
17.8	15.8	5.8
23.9	21.5	1.6
—	—	1.7
—	—	2.3
—	—	15.0
—	—	25.3

PRODUCER MILK RECEIPTS

Total Pounds of Producer Milk Delivered	
Average Daily Class I Producer Milk	
Total Number of Producers	
Average Daily Receipts per Producer	
Average Butterfat Test	
Total Value of Producers Milk at Test	
Income per Producer (7 day average)	

45,414,336	42,429,124	38,923,732
1,203,808	1,414,304	972,634
1,672	1,686	1,366
876	838	919
3.94	3.86	3.96
\$2,238,649	\$1,984,996	\$1,822,248
\$302	\$274	\$301

GROSS CLASS USE (Pounds)

Class I Skim	
Class I Butterfat	
Class I Milk	
Class II Skim	
Class II Butterfat	
Class II Milk	

36,488,875	35,095,840	29,059,584
1,381,194	1,312,308	1,092,073
37,870,069	36,408,148	30,151,657
8,879,676	7,877,479	2,243,276
433,909	358,608	25,533
9,313,580	8,236,087	2,268,809

AVERAGE DAILY SALES (Quarts)

Milk	
Buttermilk	
Chocolate	
Skim	
Cream	

442,814	440,114	321,794
5,525	6,012	3,993
26,424	30,215	14,393
13,702	13,352	10,858
11,039	10,746	13,093

Area Extended Effective May 1, 1964

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA



Dec., 1955 - '64

Year	Receipts From Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1955.....	23,609,212	4.03	76.9	8.9	4.4	9.8	4.01	4.188	3.788	3.788	3.161	2,096	363
1956.....	23,637,293	3.88	81.0	9.7	3.3	6.0	4.21	4.365	3.965	3.965	3.236	1,966	388
1957.....	24,923,644	3.93	79.9	7.4	4.0	8.7	4.24	4.419	4.019	3.919	3.096	1,863	432
1958.....	23,204,810	4.01	85.1	8.8	1.9	4.2	4.30	4.401	4.001	3.901	2.977	1,712	437
1959.....	27,160,559	4.01	83.4	6.2	2.1	8.3	4.85	4.758	4.358	3.854	3.155	1,693	518
1960.....	28,880,166	3.97	79.8	6.2	1.7	12.3	4.79	4.782	4.382	4.063	3.092	1,545	603
1961.....	32,916,637	3.98	78.0	6.1	1.9	14.0	4.61	4.600	4.200	3.919	3.267	1,329	799
1962.....	35,463,855	3.98	78.0	5.6	2.0	14.4	4.36	4.310	3.890	3.670	3.050	1,332	859
1963.....	38,923,732	3.96	77.5	5.8	1.7	15.0	4.62	4.65	4.214	3.785	3.082	1,366	919
1964.....	45,414,336	3.94	82.2	17.8	—	—	4.76	4.92	3.18	—	—	1,672	876

Feed and Hay Supplies Down From 1963-64

The Dairy Situation, Economic Research Service USDA, November 1964

The feed grain supply for the 1964-65 feed grain marketing year which began October 1, is estimated at 206 million tons, down 6 percent from last year. Feed grain prices in 1963-64 averaged a little higher than a year earlier and may continue a little above the 1963-64 level in 1964-65.

High-protein feed supplies are expected to resume their uptrend in 1964-65 primarily from larger soybean meal supplies. During July-September, the wholesale price index of 11 major high protein feeds averaged 113 percent of 1957-59, about 10 percent below that quarter in 1963. Prices paid by farmers for 16 percent mixed dairy feed were lower in September than last year in most States and regions. Prices ranged from 1 percent higher in the Pacific region to 5 percent lower in New England.

The balance between milk production and grain supplies is important,

even though some substitution is made between hay and grain supplies when supplies of one or the other are short. During the 1963-64 feeding year (October-September), milk cows and other dairy cattle accounted for 19 percent of the concentrate consumption by all livestock. The decline in the number of dairy cattle on farms has not caused harvested feed consumption by dairy cattle to drop. However, use of pasture has declined as the use of harvested roughage has increased. A large part of the increase in milk production per cow resulted from heavier feeding. Consumption of concentrates by milk cows and other dairy cattle increased from 25.6 million tons in 1959-60 to an estimated 30.1 million tons in 1963-64, despite substantially fewer milk cows.

The hay supply for 1964-65 (year beginning May 1, 1964) was estimat-

ed in October at 135 million tons, 3 percent below both last year's supply and the 1958-62 average. A further increase in roughage-consuming animals has meant that supplies per animal unit has declined further in the current year to around 1.30 tons from 1.38 tons in 1963-64.

Dairy cattle used 57 percent of all hay consumed by livestock during the 1963-64 year. The rate probably will be lower this year because of shortages in some dairy areas. Purchased hay accounted for 18 percent of all hay fed to milk cows in dairy reporters' herds in the 1963-64 winter feeding season. Purchases this winter probably will increase. Purchased hay as a percentage of all hay fed last year declined in the North Atlantic States; small changes occurred in North Central and South Central States, and sharp rises occurred in the South Atlantic and Pacific States.

Oat Supply Declines Further

The Feed Situation, Economic Research Service USDA, November 1964

The oat supply for 1964-65 is estimated at 1,214 million bushels on the basis of October 1 indications, 4 percent less than last year, continuing the general decline that has been underway a number of years. The 1964 oat crop was estimated at 893 million bushels, 9 percent below 1963 and the smallest since 1936. Seeded acreage, which has been declining

in recent years, was 7 percent less than in 1963 and 44 percent less than the record acreage in 1955.

Recent declines in oat production have been accompanied by reductions in the quantity fed to livestock, which in 1963-64 was 17 percent below the 1958-62 average. The reduction in the quantity of oats fed, along with smaller exports in 1963-64, resulted

in an increase in the carryover—even though the supply was smaller than in the preceding year. Oat feeding has been heavy in July-September this year and the 1964-65 marketing year may about equal a year earlier. Exports are expected to continue small. The carryover July 1, 1965, probably will be somewhat below the 316 million bushels a year earlier.

CIVILIAN DISAPPEARANCE . . .

(Continued from Page One)
with milk cows will be about $\frac{1}{2}$ billion pounds lower than in 1963.

Per capita use of all dairy products in the United States this year may be 626 pounds (milk equivalent), 2 pounds below 1963 consumption. Next year, per capita disappearance is expected to continue the downtrend, which started in 1956; disappearance per person from commercial sources also is down slightly since 1956. Both fluid and manufactured products are increasing in total, but per capita disappearance in 1964 remains about the same as in 1963 for most products except fluid milk and evaporated milk. Consumption arising from CCC donations of butter and cheese for welfare and from milk in school programs will be close to the 43 pounds per person in 1963.

Per capita disappearance of milkfat in 1964 is estimated at 23.3 pounds, about the same as 1963. Despite the 1964 increase in total use, the difference between milkfat production and domestic disappearance from commercial sources is likely to be about the same as last year. However, in 1965 per capita use may again turn downward because of declines in use per person of high fat products such as fluid cream and butter.

In 1964, per capita civilian disappearance of solids-not-fat is rising above 1963. About the same per capita use as in 1964 is in prospect for 1965. A 1964 rise would be the first gain since 1955. This prospective increase is due primarily to increased use of nonfat dry milk. However, 1964 estimated per capita use of solids-not-fat still is 3 pounds below the 1955-56 peak of 44.6 pounds.

Consumption of milk solids-not-fat has been a smaller proportion of production than that of milkfat since 1954. The persistence of the large quantities of solids-not-fat available for Government purchase has kept the value of the solids-not-fat component of milk at a level consistent with CCC purchase price for nonfat dry milk.

For 1964 consumption of fluid milk products per person is estimated at

306 pounds milk equivalent, 2 pounds less than in 1963. January-July 1964, sales of fluid whole milk in 84 Federal and State regulated areas rose 1.6 percent above the same period a year earlier. Fluid skim milk sales continued to rise sharply, as in previous years, while sales of fluid cream and cream mixtures continued down. Improved general economic conditions have helped limit the average annual decline to 1 pound per capita of fluid milk and cream since 1961, compared with 7.6 pounds annual drop for 1957-61.

Per capita disappearance of butter in 1964 is being maintained at the 1963 level of 6.8 pounds. Consumption of butter from commercial sources is estimated to be about the same as a year earlier for the first time since 1957, even though per capita oleomargarine disappearance is rising 4 percent.

Market Quotations

DECEMBER
1964

MINNESOTA - WISCONSIN PRICE SERIES	\$3.29
MIDWEST CONDENSERIES 3.5% per Cwt.	3.251
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.076
Average Price per lb. 92-score butter at Chicago	.5924
Average carlot prices non-fat dry milk solids roller and spray process, f.o.b. manufacturing plant	.1420

THE *Market* *Administrators* **BULLETIN**

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DRINK MILK**



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